

SENATE, No. 325

STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Co-Sponsored by:

Senators Rice and Pou

SYNOPSIS

Requires NJHMFA to allocate certain portion of federal low-income housing tax credits to certain high-opportunity areas.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the low-income housing tax credit program and
2 supplementing P.L.1983, c.530 (C.55:14K-1 et seq.).

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. a. Provided that the agency receives a sufficient number of
8 eligible applications, the agency shall reserve not less than 30 percent
9 of the annual allocation of low-income housing tax credits through
10 the family cycle and the senior cycle for qualified projects that meet
11 a court-settled fair share plan or are subject to a requirement to begin
12 construction under a specific performance_clause, and which are
13 located within:

14 (1) a high-performing school district if the tax credit is awarded
15 through the family cycle;

16 (2) a census tract with a poverty rate below the State average;

17 (3) one-half mile of public transportation, or alternatively, if the
18 tax credit is awarded through the senior cycle, the project could
19 instead commit to providing transportation for residents no fewer
20 than two days per week; and

21 (4) three miles of not less than half of the following applicable
22 facilities:

23 (a) a full-service grocery store or supermarket;

24 (b) a hospital or medical clinic;

25 (c) a public school if the tax credit is awarded through the_family
26 cycle;

27 (d) a licensed day care service provider if the tax credit is
28 awarded through the family cycle;

29 (e) a Family Success Center operated by the Division of Family
30 and Community Partnerships in the Department of Children and
31 Families if the tax credit is awarded through the family cycle;

32 (f) a One Stop Career Center;

33 (g) a pharmacy;

34 (h) a department or retail merchandise store;

35 (i) a bank or credit union;

36 (j) a restaurant, not including a fast-food restaurant;

37 (k) an indoor public recreation facility, including, but not limited
38 to, a civic center, community center, or library;

39 (l) an outdoor public recreation facility, including, but not
40 limited to, a park or swimming pool;

41 (m) a medical office, including, but not limited to, the office of a
42 licensed physician, dentist, or optometrist;

43 (n) a religious institution;

44 (o) a post office, city hall, or county courthouse; or

45 (p) a fire or police station.

46 b. (1) If a low-income housing tax credit is awarded through the
47 senior cycle pursuant to subsection a. of this section, and the
48 qualified project has committed to providing transportation for

1 residents no fewer than two days per week, then following the
2 completion of the project, the owner or operator of the project shall
3 annually certify with the agency that such transportation is provided.
4 If the agency determines that the qualified project fails to provide
5 such transportation, then the owner or operator of the project shall be
6 liable for payment of a penalty in an amount determined by the
7 executive director of the agency.

8 (2) Any penalty imposed pursuant to this subsection shall be
9 collected in a summary proceeding pursuant to the "Penalty
10 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).
11 The Superior Court shall have jurisdiction to enforce the provisions
12 of the "Penalty Enforcement Law of 1999," P.L.1999, c.274
13 (C.2A:58-10 et seq.) in connection with this subsection.

14 c. As used in this section:

15 "High-performing school district" means a public school district
16 in which not less than 40 percent of the students meet or exceed
17 expectations in math and language arts based on the Grade 4
18 Partnership for Assessment of Readiness for College and Careers
19 assessment, or any successor assessment method established by the
20 Department of Education.

21 "Hospital" means a general acute care hospital licensed pursuant
22 to P.L.1971, c.136 (C.26:2H-1 et seq.).

23 "Low-income housing tax credit" means the tax credits allocated
24 to the State pursuant to section 42 of the federal Internal Revenue
25 Code (26 U.S.C. s.42).

26 "One Stop Career Center" means any of the facilities established,
27 sponsored or designated by the State, a political subdivision of the
28 State and a Workforce Investment Board in a local area to coordinate
29 or make available State and local programs providing employment
30 and training services or other employment-directed and workforce
31 development programs and activities, including job placement
32 services, and any other similar facility as may be established,
33 sponsored or designated at any later time to coordinate or make
34 available any of those programs, services or activities.

35 "Poverty rate" means the percentage of households having
36 income, adjusted for household size, below the federal poverty line
37 established and adjusted pursuant to section 2 of the "Community
38 Services Block Grant Act," (42 U.S.C. s.9902).

39 "Public transportation" means any mode of transit available to the
40 general public with fixed fares and daily scheduled service, without
41 seasonal interruption, which shall at minimum operate Monday
42 through Friday and provide regularly scheduled service during the
43 period between 6:30 A.M. and 9:30 A.M. and the period between
44 3:00 P.M. and 6:00 P.M.

45
46 2. This act shall take effect immediately but shall remain
47 inoperative until the next allocation of low-income housing tax
48 credits immediately following the date of enactment.

STATEMENT

This bill requires the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to reserve not less than 30 percent of the annual allocation of low-income housing tax credits (LIHTCs) through the family cycle and senior cycle for certain qualified projects located in certain high-opportunity areas.

Under the LIHTC program, the federal government allocates tax credits to designated State agencies (e.g., the NJHMFA), which award the tax credits to the developers of qualified projects in order to subsidize the construction of affordable rental housing. Subject to federal constraints, each State agency awards LIHTCs based on standards and procedures set forth in a Qualified Allocation Plan, which may reserve a portion of LIHTCs for projects located in certain targeted areas. The NJHMFA currently awards LIHTCs through a family cycle, senior cycle, and supportive cycle, each of which dedicates tax credits to specific types of housing developments.

Specifically, the bill requires the NJHMFA to reserve not less than 30 percent of its annual allocation of LIHTCs through the family cycle and the senior cycle for qualified projects that: (1) meet a court-settled fair share plan, or are subject to a requirement to begin construction under a specific performance clause; and (2) which are located within:

(a) a high-performing public school district if the tax credit is awarded through the family cycle;

(b) a census tract with a poverty rate below the State average;

(c) one-half mile of public transportation, or if the tax credit is awarded through the senior cycle, any project that provides transportation for residents no fewer than two days per week; and

(d) three miles of not less than half of the designated positive land uses set forth in the bill, including, but not limited to, grocery stores, health care facilities, recreational facilities, and other civic institutions. If the tax credit is awarded through the family cycle, these designated positive land uses would also include a public school, a licensed day care provider, and a Family Success Center. As such, the number of designated positive land uses would differ depending on whether the LIHTCs are awarded through the family cycle or senior cycle.

Under the bill, if a LIHTC is awarded through the senior cycle for a qualified project that has committed to providing transportation for its residents, then following the completion of the project, the owner or operator of the project would be required to annually certify with the NJHMFA that such transportation is provided. Any owner or operator who fails to provide this transportation would be liable for a clawback payment in an amount determined by the Executive Director of the NJHMFA.